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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE  
 COMMISSION,

Plaintiff,

vs.

KENNETH L. SCHROEDER,

Defendant.

CASE NO. C 07-3798-JW (HRL)

**DECLARATION OF MATTHEW E.  
 SLOAN IN SUPPORT OF SKADDEN,  
 ARPS, SLATE, MEAGHER & FLOM'S  
 JOINDER IN NON PARTIES KLA-  
 TENCOR CORPORATION'S AND JOHN  
 KISPERT'S MOTION FOR A  
 PROTECTIVE ORDER RE:  
 DEPOSITIONS OF CURRENT AND  
 FORMER KLA WITNESSES**

Date: March 11, 2008  
 EXPEDITED HEARING REQUESTED ON  
 FEBRUARY 12, 2008  
 TIME: 10:00 a.m.  
 DEPT.: Courtroom 2, 5th Floor (SJ)  
 JUDGE: Magistrate Judge Howard R. Lloyd  
 TRIAL DATE: None set

DECLARATION OF MATTHEW SLOAN ISO SKADDEN, ARPS, SLATE, MEAGHER & FLOM'S JOINDER OF NON-  
 PARTIES MOTION FOR PROTECTIVE ORDER RE: DEPOSITION OF CURRENT AND FORMER KLA WITNESSES

1 I, Matthew Sloan, hereby declare as follows:

2 1. I am an attorney with Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden"). I  
3 am licensed to practice law in the state of California.

4 2. I represent Skadden in connection with third-party subpoenas served on Skadden  
5 and twelve current and former Skadden attorneys by defendant Kenneth L. Schroeder ("Schroeder")  
6 in this action.

7 3. I have personal knowledge of the facts stated herein and could testify competently  
8 to those facts.

9 4. In May 2006, the Board of Directors of KLA-Tencor Corporation ("KLA" or the  
10 "Company") appointed a Special Committee comprised of two Board members to investigate  
11 certain aspects of the Company's stock option granting practices. The Special Committee retained  
12 Skadden as legal counsel to assist with the investigation.

13 5. One of Skadden's responsibilities in connection with the Special Committee  
14 investigation was to conduct interviews of approximately 55 witnesses.

15 6. Ultimately, the Special Committee determined that, in certain circumstances,  
16 retroactive pricing of stock options had occurred at KLA. The Special Committee's findings were  
17 disclosed in a Form 10-K filed with the Securities and Exchange Commission ("SEC") on January  
18 26, 2007.

19 7. In November 2007, the SEC sought to take the deposition of Skadden Attorney  
20 Elizabeth Harlan, who authored an interview memorandum regarding defendant Schroeder's  
21 interview by the Special Committee, and issued a subpoena for certain of her records.

22 8. Defendant Schroeder served a barrage of discovery on Skadden and the Skadden  
23 attorneys in November 2007. As set forth below, defendant Schroeder first served records  
24 subpoenas on Ms. Harlan and eleven other current and former Skadden attorneys. Defendant  
25 Schroeder also served a separate deposition subpoena on Ms. Harlan, noticing Ms. Harlan's  
26 deposition for December 5, 2007. The SEC and defendant Schroeder subsequently agreed to  
27 continue Ms. Harlan's deposition until April 8, 2008 in order to give defendant Schroeder an

1 opportunity to resolve the outstanding privilege and work product issues with KLA, Skadden, and  
 2 the Skadden Attorneys, and to accommodate Ms. Harlan's personal schedule.

3 9. Counsel for Kenneth Schroeder has served subpoenas for records on the following  
 4 twelve current and former Skadden attorneys:<sup>1</sup>

<u>Attorney</u>	<u>Subpoena Date</u>
Galen Bellamy	November 13, 2007
Jack DiCanio	November 20, 2007
Zvi Gabbay	November 13, 2007
Elizabeth Harlan	November 7, 2007
Victoria Holstein-Childress	November 13, 2007
Cale Keable	November 13, 2007
Morgan Lopez	November 13, 2007
Richard Marmaro	November 20, 2007
Thomas McDonald	November 13, 2007
Lanelle Meidan	November 13, 2007
Jonah Van Zandt	November 13, 2007
Sheryl Wu	November 13, 2007

13 10. Counsel for Mr. Schroeder also served a subpoena for records on Skadden on or  
 14 about November 12, 2007.

15 11. Each of the twelve subpoenas to the individual Skadden Attorneys contains ten  
 16 separate requests for documents. The subpoena to Skadden contains seventeen requests.

17 12. I have communicated and conferred with defendant Schroeder's counsel, Shirli  
 18 Weiss, on numerous occasions regarding the subpoenas issued to Skadden and the Skadden  
 19 Attorneys.

20 13. Ms. Weiss has repeatedly indicated that she intends to seek the depositions of other  
 21 Skadden attorneys in addition to Ms. Harlan, whose deposition has already been scheduled. By  
 22 way of example, Ms. Weiss' January 8, 2008 letter to me, attached hereto as Exhibit A, refers to the  
 23 "testimony of Ms. Harlan and presumably other Skadden lawyers. . . ." She has also represented  
 24 verbally to me that she intends to seek the testimony of Skadden attorneys in addition to Ms.

25 \_\_\_\_\_  
 26 <sup>1</sup> Skadden agreed to accept service of all subpoenas on its current attorneys, and received  
 27 permission from all of its former attorneys to accept service on their behalf.

1 Harlan, and has suggested that she may seek to depose many, if not all, of the twelve Skadden  
2 attorneys whom she has subpoenaed.

3 14. In my conferences with Ms. Weiss, we have disputed the scope of the attorney-  
4 client privilege and the attorney work product protection as they relate to certain documents sought  
5 by defendant Schroeder in his document requests. In its latest meet and confer letter, Skadden has  
6 agreed to make productions of certain categories of non-privileged documents to Mr. Schroeder in  
7 early February. See Letter of January 25, 2008, from M. Sloan to Sloan to S. Weiss, attached  
8 hereto as Exhibit B (indicating that Skadden is "working expeditiously" to prepare redacted copies  
9 of Skadden's billing records and calendar entries items, as well as selected metadata regarding  
10 Skadden's interview memoranda, for production, and "hopes" to be able to produce such  
11 documents within the next two weeks).

12 15. Ms. Weiss has repeatedly represented to me that she plans to file an omnibus motion  
13 to compel in order to resolve all outstanding privilege and work product protection issues  
14 imminently, although I understand that no such motion has yet been filed.

15 I declare under penalty of perjury that the foregoing is true and correct and that this  
16 declaration was executed on February 8, 2007, at Los Angeles, California.

17  
18 /s/ Matthew Sloan  
Matthew Sloan